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RUEHBJ/AMEMBASSY BEIJING 1439
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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 002535

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SUBJECT: SENATOR HAGEL AND ANAND SHARMA DISCUSS BROAD BASIS
FOR BILATERAL COOPERATION

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Classified By: Amb. David C. Mulford for Reasons 1.4 (B, D)

11. (C) Summary: In a brief April 10 meeting, Minister of State for External Affairs Anand Sharma and Senator Chuck Hagel (R-NE) reflected on the multifaceted nature of US-India relations, including cooperation in energy, infrastructure, agriculture, democracy, defense, the economy, health, and education. The focus of the conversation, however, remained on the civil nuclear agreement. Sharma was very positive about the state of bilateral ties and warmly welcomed the Senator, calling his visit "a useful opportunity to interact with Indians and see how important this relationship is" to the people of India. Senator Hagel provided Sharma with a possible timeline of events that would lead up to what he predicted would be the U.S. Senate's approval of the civil nuclear agreement. End Summary.

India's Economic Potential Sets the Stage

12. (C) Placing all of our bilateral initiatives -- including the CEO Forum, the Agricultural Knowledge Initiative, and the agreements on space and civil nuclear cooperation -- in the context of India's strong economic growth, Anand Sharma observed that the "two biggest democracies" can play an important joint role in global stability. Sharma observed, "never in my memory has there been a better bilateral understanding," and asserted that the US-India relationship had to encompass India's quest for energy and need for improved infrastructure, as these were the two keys to

India's ability to reach and sustain its desired economic growth of 10 percent per year. In particular, he noted that, in addition to Indian participation in the FutureGen Initiative, "unlocking" the Nuclear Suppliers Group (NSG) would not just serve India's energy needs, but it would also benefit the entire global community, as Indian scientists would then be able to share their "considerable knowledge" with the rest of the world.

Energy Cooperation a Cornerstone of Partnership

¶3. (C) Sharma elaborated on cooperation in developing energy resources, particularly clean energy, as one of the keys to the US-India relationship. He reiterated the GOI line on its civilian nuclear program, asserting that it is very transparent, that the separation plan is credible, and that India has an "impeccable" record of non-proliferation. Sharma urged Senator Hagel to help move the civil nuclear agreement legislation forward quickly, noting that the Indian parliament has debated and endorsed the plan already. "We had doubters, but we overcame them," he added.

¶4. (C) In response to Sharma's inquiry, Senator Hagel encouraged Sharma to ask Speaker Hastert about the process in the House of Representatives, and reported that there will be a number of additional hearings in the Senate on the issue. Senator Hagel stated that the legislation was unlikely to move forward before summer, as most members of Congress want to know more about India's IAEA safeguards agreement. Sharma replied that the terms of India's safeguards agreement would be India specific, and that although the negotiations would take time, 65 percent of India's civilian nuclear facilities would fall under IAEA safeguards. Sharma insisted that the

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NSG and IAEA would impose the same obligations on India as are placed upon other countries, and that India would then be entitled to the same benefits.

Progress on Civ Air, Seeking Action on Ag, Defense

¶5. (C) Noting the Nebraska economy's dominance in agriculture, Sharma observed that the potential for cooperation in agriculture is "immense." He reported that some 40 percent of food produced in India is lost due to inadequate storage and transport facilities, and just 2 percent is currently exported. Sharma also mentioned India's "major order" placed with Boeing, and commented that now is the time to move forward on defense cooperation.

Embassy Comment: GOI Wants Broad Ties, but Focus is Civ Nuke

¶6. (C) Sharma's comments reflected the GOI view that the time has come for the US-India relationship to be strengthened across the board. However, his attention remained on Congressional approval of the civil nuclear agreement, the all-important and hot-topic on whose passage India's policy establishment remains intently focused.

¶7. (U) Senator Hagel cleared this message.

¶8. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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